

MINUTES
HOUSE REVENUE & TAXATION COMMITTEE

DATE: Wednesday, March 10, 2021

TIME: 9:00 A.M.

PLACE: Room EW42

MEMBERS: Chairman Harris, Vice Chairman Addis, Representatives Moyle, Chaney, Gestrin, Dixon, Nichols, Kauffman, Adams, Cannon, Hartgen, Manwaring, Okuniewicz, von Ehlinger, Weber, Necochea, Ruchti

**ABSENT/
EXCUSED:** Representative(s) Chaney

GUESTS: Justin Baldwin, Gooding County Assessor; Kathy Griesmyer, City of Boise; Courtney Gilbert, Sun Valley Museum of Art; Claudia McCain, Ketchum Arts Commission; Solomon Sahlein, Sector Seventeen; April VanDeGrift; Byron W. Folwell, Byron W. Folwell, Architect; and Dan Beyer, Trademark Creative.

Chairman Harris called the meeting to order at 9:00 a.m.

RS 28797: **Rep. Jim Addis** said **RS 28797** is continuation of the work the Property Tax and Revenue Expenditures Interim Committee did. They met five times and focused on three areas of concern or improvement, which resulted in two pieces of legislation this session. The committee was always intended to last two years because of the property tax reform subject matter.

MOTION: **Rep. Hartgen** made a motion to introduce **RS 28797**. **Motion carried by voice vote.**

H 311: **Rep. von Ehlinger** presented **H 311** as an amended version of earlier legislation addressing taxpayer funding of public art displays. **H 311** raises the financial threshold triggering a public vote to \$25,000 per public art project and changes a two-third majority approval requirement to 60% of voters. He opined that public art needs to be at the bottom of the list for government funding with the preferable funding consisting of donations and grants. He provided examples of three art projects in Idaho that were either controversial with some local citizens, overly expensive or required public funding to remove them. Rep. von Ehlinger said funds expended on public art could provide millions of dollars of property tax relief. The legislation does not stop funds being spent on public art displays, but gives local citizens a say in it through direct democracy.

Answering committee questions, **Rep. von Ehlinger** said under **H 311** local citizens would be presented certain projects with a total cost for approval.

Kathy Griesmyer, Government Affairs Director, Boise, introduced **Karl LeClaire** Boise Public Art Program Manager, to provide information on the public engagement involved in Boise's City Hall structure.

Karl LeClaire, Public Art Program Manager, City of Boise, addressed the costs and public input in the selection of the art which involved teams, committees, community halls and a call for community proposals. After six months of publishing the project proposals, the final project was selected in a public vote.

Courtney Gilbert, Sun Valley Museum of Art; **Claudia McCain**, Ketchum Arts Commission; **Solomon Sahlein**, Sector Seventeen; **April VanDeGrift**; **Bryon Folwell**, Byron W. Folwell, Architect; and **Dan Beyer**, Trademark Creative, spoke in **opposition** to **H 311** saying it is state overreach; cities have processes with public involvement and notice already in place with many layers of oversight; local entities could lose funds by having to pay for advance work or enter into an agreement on art projects not approved by voters; local art displays are often partner projects drawing upon private funds or donations; public art has positive economic impact, bringing non-Idaho visitors to stay and spend; public art provides employment for many artists, architects, engineers, landscapers, those in construction trades and others; public art discourages graffiti and associated removal expenses; and it is not possible to get 60% approval on anything, including non-art items like infrastructure.

Rep. von Ehlinger closed saying if people want a public art project, they will have an opportunity to say so, not in a special election, but in a May or November election. The cost is negligible to add to an existing ballot.

MOTION:

Rep. Okuniewicz made a motion to send **H 311** to the floor with a **DO PASS** recommendation.

SUBSTITUTE MOTION:

Rep. Weber made a motion to **HOLD H 311** in committee.

Reps. Kauffman, Hartgen, Weber and **Adams** spoke in **support** of the substitute motion, saying **H 311** is heavy-handed overreach that preempts local control and adds unnecessary administrative costs. Art plays a significant role in building our communities and history

Reps. Cannon and **Adams** spoke in **support** of the original motion.

Rep. Moyle stated it concerns him when it is said local leaders should decide and voters should not make the decision. He has no problem with voters deciding. He is concerned about not allowing private donations. The legislation needs to be adjusted to address concerns regarding private donations coming in, which don't need to go to the vote of the people,

AMENDED SUBSTITUTE MOTION:

Rep. Moyle made an amended substitute motion to send **H 311** to General Orders.

Rep. Ehlinger agreed that some adjustments should be made, and supports sending **H 311** to General Orders.

ROLL CALL VOTE ON AMENDED SUBSTITUTE MOTION:

Roll call vote was requested. **Amended substitute motion carried by a vote of 8 AYE and 7 NAY and 2 Absent/Excused. Voting in favor** of the motion: **Chairman Harris, Vice Chairman Addis** and **Reps. Moyle, Gestrin, Nichols, Cannon, Okuniewicz** and **Ehlinger. Voting in opposition** to the motion: **Reps. Kauffman, Adams, Hartgen, Weber, Necochea** and **Ruchti. Reps. Chaney** and **Dixon** were absent/excused.

H 309: **Senator C. Scott Grow** presented **H 309** which amends the property tax deferral by increasing the qualifying federal adjusted income levels to \$50,000, includes properties that are a part of a trust or life estate, and changes the interest rate from 6% to be consistent with the interest rate the Idaho State Tax Commission (ISTC) charges for other issues, which is currently 2%. Applicants need to have sufficient equity in their home, but with rising appraisal values, they can end up with \$100,000 in additional equity. The overall levy was limited to \$500,000 and is being raised to \$5 million, which would allow \$2,000 benefits to 2,500 applicants. This is not a cash payment by the state, but a loan to a property owner who is in a position that they cannot pay their property taxes. A lien is put on the homes qualifying for the deferral. As people sell their home or are deceased, the lien would be exercised, and the taxes paid by Idaho would be refunded back to Idaho. An emergency clause is added back to January 1, 2021.

In response to committee questions, **Senator Grow** replied the ISTC will publicize the property tax deferral program. Seniors can apply directly with the ISTC and because it is a loan, qualification is simple and faster than applying for the circuit breaker. Sufficient equity means the property is not security for a reverse mortgage, home equity or line of credit loan, but a home with a first mortgage qualifies. As long as there is equity in the home, the lien will be intact, and when there is not enough equity, Idaho will cease paying the property taxes.

MOTION: **Rep. Addis** made a motion to send **H 309** to the floor with a **DO PASS** recommendation. **Motion carried by voice vote.** **Rep. Ehlinger** will sponsor the bill on the floor.

H 310: **Rep. von Ehlinger** said **H 310** amends the current circuit breaker by raising the benefit from \$1,320 to \$1,500. It adds a deduction from the income requirements for standard medical care costs of \$4,000, or, alternatively, the total cost of medical care to the extent not reimbursed. A resource limitation test is added based upon the Supplemental Nutrition Assistance Program (SNAP) but allows \$20,000 in liquid and non-liquid assets. The asset test is only triggered if the applicant's home value is above the median assessed value in that county. The purpose of the resource testing is to cut down on those with a million dollars in assets from receiving the circuit breaker.

Justin Baldwin, Gooding County Assessor, spoke **in opposition** to **H 310**. He informed the committee they have a residential median home value of \$134,362 using 2020 values, which will be higher in 2021. Of their 382 circuit breaker applicants only sixty, or 16%, would qualify for the resource limitation test. Of sixty, ten qualify for the full circuit breaker payment based on income and actual taxes and six, based on their income, have a circuit breaker payment of less than \$500. In some counties, 50% of 360 applicants would need individual resource assessments. He provided an example of the impact of **H 310** on dry land farmers with assets and no cash who sell their assets to pay taxes, lowering their income and assets in the process.

Mr. Baldwin also expressed administrative concerns regarding who will perform appraisals of the land and vehicle evaluations, as well as personal property assessments, if needed. He said an assessment or evaluation is a time-dated opinion upon which there can be disagreement, and the legislation does not address an appeal process, who would conduct it or pay for it or the funding for additional staff. He said he does not know any millionaires who have circuit breakers.

Rep. Moyle spoke **in support** of **H 310** saying it concerns him when someone has assets, whether they are worth millions or hundreds of thousands of dollars, and the state subsidizes their property tax, which means taxpayers would be subsidizing their inheritance.

Chairman Harris said that due to time constraints, **H 310** will be carried over to the meeting of March 11, 2020, at 9:00 a.m. and that **Francoise Cleveland's** opportunity for public testimony will be set over until then.

ADJOURN:

There being no further business to come before the committee, the meeting adjourned at 10:26 a.m.

Representative Harris
Chair

Lorrie Byerly
Secretary